

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**  
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

04-008

2. STATE:

CO

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL  
SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE  
04/01/2004

5. TYPE OF PLAN MATERIAL (*Check one*):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS A NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*separate Transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION:

42 C.F.R. 447.253

7. FEDERAL BUDGET IMPACT:

a. FFY 2004 \$ 46,875

b. FFY 2005 \$ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19A page 4

9. PAGE NUMBER OF THE SUPERSEDED PLAN  
SECTION OR ATTACHMENT (*if applicable*):

Attachment 4.19A page 4

10. SUBJECT OF AMENDMENT:

Inpatient hospital rates.

11. GOVERNOR'S REVIEW (*Check One*):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☒ OTHER AS SPECIFIED

Governor's letter dated July 1, 2003

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

*Vivianne M. Chaumont*

13. TYPED NAME:

Vivianne M. Chaumont

14. TITLE:

Director, Medical Assistance Office

15. DATE SUBMITTED:

June 14, 2004

16. RETURN TO:

Colorado Department of Health Care Policy and Financing  
1570 Grant  
Denver, Colorado 80203

Attn: Trish Bohm

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

June 21, 2004

18. DATE APPROVED:

AUG 24 2004

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

APR - 1 2004

20. SIGNATURE OF REGIONAL OFFICIAL:

*Carmen Keller*

21. TYPED NAME:

Carmen Keller

22. TITLE:

DD Deputy Director, CMSO

23. REMARKS:

Handcarried June 21, 2004

TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM

ATTACHMENT 4.19A

State of Colorado

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Pediatric Specialty Hospitals will receive an additional adjustment factor of 1.335 to account for the specialty care provided. This adjustment factor will not be applied to the Medicaid cost add-ons.

For PPS Rehabilitation and Specialty-Acute Hospitals, the hospital specific Medicaid base rate will be the Medicare TEFRA rate from the most recently audited Medicare/Medicaid cost report (CMS 2552) divided by the Medicaid case mix index and then modified by a set percentage equally for all PPS Rehabilitation and Specialty-Acute Hospitals. The percentage will be the percentage used to modify the Medicare base rate of all other PPS hospitals multiplied by 1.397. The Medicare/Medicaid cost report and Medicaid case mix index used for this calculation will be those available as of March 1 each year.

Beginning April 1, 2004, acute rehabilitation centers that specialize in spinal cord and traumatic brain injuries shall receive an additional adjustment factor of 1.313 to account for the specialty care provided.

Hospital specific Medicaid base rates are adjusted annually (rebased) and are effective each July 1. Medicaid base rates will be made consistent with the level of funds established and amended by the General Assembly, which is published in the Long Bill and subsequent amendments each year. Any changes to the rate setting methodology will be approved by the Medical Services Board and the Centers for Medicare and Medicaid Services prior to implementation. Once funds and rate setting methodology have been established, rate letters will be distributed to providers qualified to receive the payment each fiscal year and 60 days prior to any adjustment in the payment. Rate letters will document the Medicaid base rate and other relevant figures for the specific provider so that providers may understand and independently calculate their payment. Rate letters allow providers to dispute the payment on the basis that payment was not calculated correctly given the established funds and rate setting methodology.

9. Exempt hospitals are those hospitals which are designated by the Department to be exempt from the DRG-based prospective payment system. The Department may designate facilities as exempt or non-exempt providers. Non-exempt providers shall be reimbursed using the DRG-based prospective payment system (PPS). Exempt hospitals will be paid a per diem for inpatient hospital services. As of July 1, 2003 free-standing psychiatric facilities shall be the only exempt providers.

TN No. 04-008  
Supersedes  
TN No. 04-007

AUG 24 2004  
Approval Date \_\_\_\_\_

Effective Date April 1, 2004